



CARMANAH
MINERALS CORP

CARMANAH MINERALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND AUGUST 31, 2023

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CARMANAH MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
(Unaudited, Expressed in Canadian Dollars)

	Note	As at August 31, 2024	As at May 31, 2024
		\$	\$
ASSETS			
Current Assets			
Cash		46,112	65,675
Prepaid		37,500	37,500
Amounts receivable	5	1,026	27,692
Due from related party	11	30,000	30,000
		114,638	160,867
Exploration and evaluation assets	6	305,770	305,770
TOTAL ASSETS		420,408	466,637
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	7, 11	105,866	130,739
Liabilities		105,866	130,739
Shareholders' Equity			
Share capital	8	1,472,825	1,472,825
Reserves	9, 10	573,032	573,032
Deficit		(1,731,315)	(1,709,959)
		314,542	335,898
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		420,408	466,637

Nature of operations and going concern (note 1)
Subsequent events (note 13)

Approved on behalf of the Board of Directors

_____ "Fraser Rieche"
Director

_____ "Michelle Suzuki"
Director

The accompanying notes are an integral part of these condensed interim financial statements.

CARMANAH MINERALS CORP.
 STATEMENTS OF COMPREHENSIVE LOSS
 (Unaudited, Expressed in Canadian Dollars)

	Note	For the three months ended August 31, 2024	For the three months ended August 31, 2023
		\$	\$
OPERATING EXPENSES			
Consulting fees		-	32,900
Exploration and evaluation	6	4,700	19,200
Filing fees		4,125	2,795
Investor relations		600	769
Office and other		931	396
Management fees	11	6,000	6,500
Professional fees	11	5,000	5,000
		21,356	67,560
NET COMPREHENSIVE LOSS		(21,356)	(67,560)
BASIC AND DILUTED LOSS PER SHARE		(0.00)	(0.00)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted		52,950,102	19,908,385

The accompanying notes are an integral part of these condensed interim financial statements.

CARMANAH MINERALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, Expressed in Canadian Dollars)

	Common Shares		Reserves	Accumulated Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
Balance at August 31, 2023	40,916,770	1,086,158	279,032	(801,475)	563,715
Shares issued for property	11,500,000	360,000	-	-	360,000
Shares issued on exercise of warrants	533,332	26,667	-	-	26,667
Warrants issued for mineral property	-	-	294,000	-	294,000
Comprehensive loss	-	-	-	(908,484)	(908,484)
Balance at May 31, 2024	52,950,102	1,472,825	573,032	(1,709,959)	335,898
Comprehensive loss	-	-	-	(21,356)	(21,356)
Balance at August 31, 2024	52,950,102	1,472,825	573,032	(1,731,315)	314,542

The accompanying notes are an integral part of these condensed interim financial statements.

CARMANAH MINERALS CORP.
STATEMENTS OF CASH FLOWS
(Unaudited, Expressed in Canadian Dollars)

	For the three months ended August 31, 2024	For the three months ended August 31, 2023
	\$	\$
OPERATING ACTIVITIES		
Net loss	(21,356)	(67,560)
Change in non-cash working capital items		
Prepaid expenses	-	33,669
Receivables	26,666	(64,999)
Trade payables and accrued liabilities	(24,873)	(2,330)
Cash used in operating activities	(19,563)	(101,220)
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	-	-
Cash used in financing activities	-	-
FINANCING ACTIVITIES		
Proceeds from exercise of warrants	-	15,000
Cash provided by financing activities	-	15,000
Change in cash	(19,563)	(86,220)
Cash – beginning	65,675	288,574
Cash – ending	46,112	202,354

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Carmanah Minerals Corp. (“Carmanah” or the “Company”) was incorporated on October 30, 2020 under the British Columbia Corporations Act of the Province of British Columbia. On June 27, 2022, the Company’s shares began trading on the Canadian Securities Exchange (the “CSE”) under the symbol “CARM”.

The address of the Company and the registered office is 1100 - 1111 Melville Street, Vancouver, British Columbia V6E 3V6. The address of the records office is 200-3310 South Service Road, Burlington, Ontario L7N 3M6.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. As at August 31, 2024, the Company has not yet determined whether its interest in the mineral property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company’s financial statements for the three months ended August 31, 2024 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. For the three months ended August 31, 2024, the Company incurred a net comprehensive loss of \$21,356 (2023-\$67,560). As at August 31, 2024, it had an accumulated deficit of \$1,731,315 (May 31, 2024-\$1,709,959) which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs.

Although management is currently seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Statement of Compliance and Basis of Presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were approved and authorized for issuance by the Board of Directors on October 29, 2024.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional and presentation currency of the Company is the Canadian dollar.

2. ACCOUNTING POLICIES

The Company's accounting policies are the same as those applied in the Company financial statements for the year ended May 31, 2024.

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These audited financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates:

The determination of fair values of share-based payments and finder's warrants; and the measurement of deferred income tax assets and liabilities.

CARMANAH MINERALS CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED TO AUGUST 31, 2024 AND 2023
(Unaudited, Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Significant accounting judgments:

The evaluation of the Company's ability to continue as a going concern; and the determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluation assets.

4. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Accounting standard or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

5. RECEIVABLES

	August 31, 2024	May 31, 2024
	\$	\$
Amount receivable	-	26,667
GST receivables	1,026	1,025
	1,026	27,692

6. EXPLORATION AND EVALUATION ASSETS

Property acquisition costs

	Walker Property \$	Hare Hill Pluton Property \$	Baie Verte Property \$	Total \$
Balance, August 31, 2023	143,770	115,710	-	259,480
Additions	162,000	50,000	577,000	789,000
Impairment		(165,710)	(577,000)	(742,710)
Balance, May 31, 2024	305,770	-	-	305,770
Additions	-	-	-	-
Balance, August 31, 2024	305,770	-	-	305,770

Mineral exploration costs

	Period ended August 31, 2024 \$	Period ended August 31, 2023 \$
Consulting	-	-
Geology	4,700	19,200
	4,700	19,200

CARMANAH MINERALS CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED TO AUGUST 31, 2024 AND 2023
(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Walker Project

On October 5, 2022, the Company entered into a property option agreement to acquire 50% interest of the Walker Creek Claims from Marvel Discovery Corp. ("Marvel"). The property is located in the Athabasca Basin, Saskatchewan.

As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

Payment period	Expenditures	Cash Payments
On execution of the Option Agreement ("Closing Date")	Nil	\$10,000 (Paid)
On or before 90 days following the Closing Date	Nil	\$40,000 (Paid)
On or before the first anniversary of the Closing Date	\$187,500	\$75,000 (Paid)
On or before the second anniversary of the Closing Date	\$375,000	\$75,000
On or before the third anniversary of the Closing Date	\$937,500	\$100,000
On or before the fourth anniversary of the Closing Date	Nil	\$100,000
TOTAL	\$1,500,000	\$400,000

In addition, the company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
On execution of the Option Agreement ("Closing Date")	500,000 (Issued)	500,000 (Issued)	\$0.13
On or before the first anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the second anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	1,000,000	1,000,000	30% premium of Market Value at the date of issuance
On or before the fourth anniversary of the Closing Date	500,000	500,000	30% premium of Market Value at the date of issuance
TOTAL	3,500,000	3,500,000	

6. EXPLORATION AND EVALUATION ASSET (continued)

The Walker Creek Property is subject to a 2% Net Smelter Royalty.

On August 7, 2024, the Company and Marvel entered into an amendment to the property option agreement whereby cash payments due on the second, third and fourth anniversary of the closing date, have each been extended for a period of two years. In addition, exploration expenditure requirements on or before the first, second and third anniversary of the closing date, have each been extended for a period of two years.

Hare Hill Project

On February 15, 2023, the Company entered into a property acquisition agreement to acquire a 100% interest in the Hare Hill Pluton claims from 1254883 B.C. Ltd. The property is located in Newfoundland.

Pursuant to the agreement, the Company is required to make cash payments as follows:

Payment period	Cash Payments
On execution of the Agreement Date	\$5,000 (paid)
On or before 45 days following the Agreement Date	\$45,000 (paid)
On or before the second anniversary of the Agreement Date	\$50,000 (paid)
On or before the third anniversary of the Agreement Date	\$80,000
TOTAL	\$180,000

In addition, the Company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
On or before 15 days of the Agreement Date	550,000 (Issued)	550,000 (Issued)	\$0.075
On or before the second anniversary of the Closing Date	650,000	650,000	25% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	800,000	800,000	25% premium of Market Value at the date of issuance
TOTAL	2,000,000	2,000,000	

The Hare Hill Pluton Property is subject to a 2.5% Net Smelter Royalty of which 1% can be acquired for \$1,000,000.

During the year ended May 31, 2024, the Company determined that the project did not factor in its future plans and recorded impairment of \$165,710.

CARMANAH MINERALS CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED TO AUGUST 31, 2024 AND 2023
(Unaudited, Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Baie Verte Brompton Project

On June 8, 2023, the Company entered into an option agreement to acquire a 100% interest in the Baie Verte Brompton projects from Marvel Discovery Corp., and Falcon Gold Corp. who jointly hold the claims comprising the Baie Verte Brompton project located in Central Newfoundland.

Pursuant to the agreements, the Company is required to make cash payments as follows:

Payment period	Cash payments-Marvel	Cash payments-Falcon
Within five days of signing Agreement	\$ 5,000	\$ 5,000
First anniversary of signing Agreement	\$18,000	\$12,000
Second anniversary of signing Agreement	\$20,000	\$15,000
Third anniversary of signing Agreement	\$20,000	\$15,000
Fourth anniversary of signing Agreement	\$30,000	\$15,000
TOTAL	\$93,000	\$62,000

In addition, the Company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
Upon acceptance of the transaction by TSXV-Falcon	4,000,000 (issued)	4,000,000 (issued)	\$0.05
Upon acceptance of the transaction by TSXV-Marvel	6,000,000 (issued)	6,000,000 (issued)	\$0.05
TOTAL	10,000,000	10,000,000	

The transaction is a related party transaction as a result of common directors and officers among the three entities. The transaction was subject to TSXV approval as Falcon and Marvel shares are listed on the TSXV.

The Baie Verte Brompton Property is subject to a 2.5% Net Smelter Royalty on each of the two parts of the property of which 1% of each NSR can be acquired for \$1,000,000.

During the year ended May 31, 2024, the Company determined that the project did not factor in its future plans and recorded impairment of \$320,000.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	August 31, 2024	May 31, 2024
	\$	\$
Trade payables	75,366	105,239
Accrued liabilities	30,500	25,500
	105,866	130,739

8. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

On May 7, 2024, the Company completed a forward split of its shares on the basis of 2 new shares for each one share outstanding (the "Forward Split"). Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the Forward Split.

Issued Share Capital

On May 3, 2024, the Company issued 533,334 common shares for cash proceeds of \$26,667 pursuant to the exercise of warrants. The \$26,667 is included in amounts receivable and was received on June 7, 2024.

On April 29, 2024, the Company issued 6,000,000 common shares with a fair value of \$90,000 pursuant to a mineral property option described in Note 6.

On January 16, 2024, the Company issued 4,000,000 common shares with a fair value of \$120,000 pursuant to a mineral property option described in Note 6.

On November 15, 2023, the Company issued 1,500,000 common shares with a fair value of \$45,000 pursuant to a mineral property option described in Note 6.

On July 27, 2023, the Company issued 150,000 common shares pursuant to the exercise of 150,000 share purchase options for cash proceeds of \$15,000.

9. STOCK OPTIONS

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

CARMANAH MINERALS CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED TO AUGUST 31, 2024 AND 2023
(Unaudited, Expressed in Canadian Dollars)

9. STOCK OPTIONS (continued)

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price \$	Number of shares issued or issuable on exercise
Balance – May 31, 2022	0.05	280,000
Stock options issued	0.05	1,890,000
Stock options issued	0.0375	1,800,000
Stock options expired	0.10	(280,000)
Balance – May 31, 2023 and 2024	0.045	3,690,000
Stock options issued	0.00	-
Balance – August 31, 2024	0.045	3,690,000

On July 22, 2022, the Company issued 1,890,000 stock options to directors and officers of the Company. The options have an exercise price of \$0.05 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.24% per annum, an expected life of options of 5 years, an expected volatility of 100%, and no expected dividends. The fair value of the options of \$71,600 was recorded as a share-based payment expense.

On May 19, 2023, the Company issued 1,800,000 stock options to directors and officers of the Company. The options have an exercise price of \$0.0375 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.29% per annum, an expected life of options of 5 years, an expected volatility of 100%, and no expected dividends. The fair value of the options of \$51,100 was recorded as a share-based payment expense.

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.05	1,890,000	2.88	\$0.05	1,890,000	\$0.05
\$0.0375	1,800,000	3.72	\$0.0375	1,800,000	\$0.0375
	3,690,000	3.29	\$0.05	3,690,000	\$0.04

Weighted average remaining life of stock options at August 31, 2024 is 3.29 years (2023-4.29 years).

CARMANAH MINERALS CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED TO AUGUST 31, 2024 AND 2023
(Unaudited, Expressed in Canadian Dollars)

10. WARRANTS

Details regarding warrants issued and outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price \$
Balance, May 31, 2023	18,766,668	0.05
Issued	1,500,000	0.039
Issued	10,000,000	0.05
Exercised	(833,332)	0.05
Balance, May 31, 2024	29,433,336	0.05
Issued	-	0.00
Balance, August 31, 2024	29,433,336	0.05

The expiry of the warrants are as follows:

Number of warrants outstanding	Exercise price \$	Expiry date
1,000,000	0.065	November 22, 2027
15,833,336	0.05	April 25, 2025
1,100,000	0.045	May 9, 2025
1,500,000	0.039	November 15, 2028
4,000,000	0.05	January 16, 2027
6,000,000	0.05	April 29, 2027
<u>29,433,336</u>		

In addition, there are 424,000 broker warrants outstanding and exercisable at \$0.05 expiring on April 21, 2025. On June 27, 2024, 1,150,000 broker warrants expired.

The fair values for broker warrants issued during 2023 have been estimated using the Black-Scholes option pricing model assuming the following weighted average assumptions.

	May 31, 2023
	424,000
	warrants
Risk-free interest rate	3.80%
Expected life (in years)	2
Expected volatility	159%
Expected dividend yield	0%
Exercise price	\$0.05
Share price at date of grant	\$0.0425

CARMANAH MINERALS CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED TO AUGUST 31, 2024 AND 2023
(Unaudited, Expressed in Canadian Dollars)

10. WARRANTS (continued)

Fair values for share purchase warrants issued with respect to mineral property options have been estimated using the Black-Scholes option pricing model assuming the following weighted average assumptions:

	May 31, 2023	May 31, 2023	May 31, 2024	May 31, 2024	May 31, 2024
	1,100,000 warrants	1,000,000 warrants	1,500,000 warrants	4,000,000 warrants	6,000,000 warrants
Risk-free interest rate	3.80%	3.42%	3.67%	4.10%	4.40%
Expected life (in years)	2	5	5	3	3
Expected volatility	161%	139%	156%	154%	161%
Expected dividend yield	0%	0%	0%	0%	0%
Exercise price	\$0.054	\$0.065	\$0.039	\$0.05	\$0.05
Share price at date of grant	\$0.035	\$0.035	\$0.03	\$0.03	\$0.0325

As the Company does not have sufficient trading history, volatility was calculated based on an average of the volatility of other similar companies.

11. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

The remuneration of directors and key management personnel during the three months ended August 31, 2024 and 2023.

	August 31, 2024	August 31, 2023
	\$	\$
Management	6,000	10,500
Directors	-	-
	6,000	10,500

As at August 31, 2024, \$8,250 (May 31, 2024 - \$6,000) in accounts payable was due to related parties. At August 31, 2024, \$30,000 (May 31, 2024-\$30,000) was due from a related party.

12. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at August 31, 2024 and May 31, 2024 is summarized as follows:

	August 31, 2024	May 31, 2024
	\$	\$
Financial Assets		
At FVTPL		
Cash	46,112	65,675
Financial Liabilities		
At amortized cost		
Trade payable and accrued liabilities	105,866	130,739

Financial Instrument Risk Exposure

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

Level 1	fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2	fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3	fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

Cash is classified as Level 1. The carrying balance of trade payables approximate their fair value due to their short-term nature.

The Company's financial instruments expose it to a variety of financial risk: market risk (including price risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units.

12. FINANCIAL INSTRUMENTS (Continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company manages credit risk on liquid financial assets through maintaining its cash with high quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operations and capital requirements through operating cash flows, as well as future equity and debt financing. As at August 31, 2024, the Company had a cash balance of \$46,112 to settle current liabilities of \$105,866. The Company's financial liabilities include trade payables which have contractual maturities of 30 days or are due on demand.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash. The interest rate risk on cash is not considered significant due to its short-term nature and maturity.

13. SUBSEQUENT EVENTS

On September 12, 2024, the Company paid the initial cash payment of \$5,000 pursuant to the Baie Verte Brompton Project.